

M e m o r a n d u m

To: Panel Members Date: November 20, 2003

From: Diana Torres, Manager Analyst: S.M. Godin

Subject: One-Step Agreement for **Sunrise Coffee Company** <100

CONTRACTOR:

- Training Project Profile: Retraining: Companies W/Out-Of-State Competition
- Legislative Priorities: Stimulating Exports/Imports
Moving To A High Performance Workplace
- Type of Industry: Services
- Repeat Contractor: No
- Contractor's Full-Time Employees
 - *Worldwide:* 26
 - *In California:* 20
- ETP Trainees Represented by Union: No
- Name and Local Number of Union Representing ETP Trainees: N/A

CONTRACT:

- Program Costs: \$36,000
- Substantial Contribution: \$0
- Total ETP Funding: \$36,000
- Total In-kind Contribution: \$67,000
 - *Trainee Wages Paid During Training:* \$28,800
 - *Other Contributions:* \$38,200
- Reimbursement Method: Fixed-Fee
- County(ies) Served: Orange

INTRODUCTION:

Sunrise Coffee Company (SCC) is located in Laguna Hills, (Orange County) California. The company is a national sales and distribution company selling Arabica bean, premium, certified organic, and shade grown gourmet coffee to wholesale customers located both inside and outside of California.

SCC is eligible for standard retraining under the Out-of-State Competition Provisions outlined under Title 22, California Code of Regulations, Section 4416(a)(3,4) for the integrated sales, marketing, distribution and related internal services provided on behalf of its wholesale coffee customers located both inside and outside of California. The company is requesting ETP training funds to retrain 12 full-time employees in the skills necessary to move the company towards a high performance workplace.

MEETING ETP GOALS AND OBJECTIVES:

SCC proposes training that will further the following ETP goals and objectives:

- 1) Training is targeted to meet the need for a skilled workforce in the wholesale coffee industry where SCC faces strong competition from companies located outside the state of California. Thus, this project meets ETP's legislative mandate to foster job retention in industries threatened by out-of-state competition.
- 2) Training will provide workers secure employment in high-wage, high skilled jobs, thereby meeting ETP's legislative mandate to invest in developing the skills of frontline workers and to foster job retention of high-wage, highly skilled jobs.
- 3) Training will promote ETP's goal of emphasizing service to small businesses.

TRAINING PLAN TABLE:

Grp/Trainee Type	Types Of Training	No. Retain	No. Class/Lab Videocnf. Hrs.	No. CBT Hrs.	Cost Per Trainee	Hourly Wage After 90 Days
Job No. 1- Retraitees	MENU Business Skills Computer Skills Continuous Improvement	12	80 - 160	0	\$3,000	\$11.74 - \$35.25
					<u>Prevalent Hourly Wage</u> \$13.16	
					<u>Average Cost Per Trainee</u> \$3,000	
<u>Health Benefits Used To Meet ETP Minimum Wage:</u> The Contractor states that health benefits will not be used to meet the minimum ETP wage for Orange County of \$11.74 per hour. As a small start-up company, Sunrise currently does not provide any employee benefits; however, the company plans to add health insurance coverage and other benefits within the next six months.					<u>Turnover Rate</u> 0%	<u>% Of Mgrs & Supervisors To Be Trained:</u> 25%
<u>Other Employee Benefits:</u> The Contractor states that although they do not currently offer any employee benefits, they plan to add health, disability, holiday and vacation pay within the next six months.						

COMMENTS / ISSUES:

➤ ***Frontline Workers***

Of the 12 retrainees proposed, 8 meet the Panel definition of frontline workers under Title 22, California Code of Regulations, Section 4400(ee). A total of 4 managers/supervisors (25 percent) will also participate in training. SCC states that no senior level managers who set company policy are included in the proposal.

➤ ***Production During Training***

The proposed Contractor agrees that during ETP-funded training hours, trainees will not produce products or provide services which will ultimately be sold.

PROPOSED ACTION:

Staff recommends that the Panel approve this Agreement if funding is available and the project meets the Panel priorities.

NARRATIVE:

When SCC began operations in early 2003; its business plan was to provide direct market distribution to office coffee services and hotel/restaurant private label coffees. As the business has evolved over the past eleven months, SCC has shifted its sales focus and has begun to market and distribute its coffee through national multi-level marketing networks, charitable cause/non-profit organizations, and convenience stores distributors. The company has also begun to sell and distribute complementary products such as coffee brewing equipment, teas, coffee creamers and cocoa.

SCC contends that as a new start-up company it faces intense competition from larger, well-established coffee distributors located in Mexico, Florida, and Hawaii. In order for the company to expand and position itself as a major coffee distributor, it states that it must improve the level of customer service it provides. Workers must develop the enhanced skills needed to support the company's shift in business strategy while using top-notch sales and interpersonal skills to provide stellar service to existing and prospective customers.

SCC has determined that it must transition to a High Performance Workplace to remain competitive and to grow. The company proposes to train twelve current employees in a combination of business, continuous improvement, and computer skills.

Business skills topics will provide trainees with the skills to deliver seamless and efficient customer service. Employees will learn how to communicate more effectively with customers. Trainees will study advanced skills such as "consultative selling", whereby sales representatives become active partners in the selling process rather than remaining order takers; shaping sales strategies; advanced communication techniques; and advanced business operations skills such as territory management and contract negotiation. As a small company, all SCC personnel are involved on some level with customers; therefore, it is critical that all employees receive Advanced Product Knowledge training to clearly understand and speak to the company's added products.

Continuous improvement skills will teach employees to use process improvement methods that promote teambuilding, problem solving, and decision-making. Leadership skills training will equip managers and supervisors with the necessary skills to coach and motivate subordinates.

Training in computer skills will equip employees with the skills to proficiently navigate SCC's Internet based sales and information system, as well as the company's proprietary ordering and inventory management software.

NARRATIVE: (continued)

Supplemental Nature of Training

Panel Legislation requires that ETP funds be used to supplement, rather than displace, funds available through existing programs conducted by employers and government-funded programs. As a new start-up company with 25 employees, SCC reports that it has not had the financial resources to provide a formal company-wide training plan; however, the organization does provide safety training, new employee orientation and on-the-job training when needed. The company representative further states that it is committed to continuing formal training after the conclusion of the ETP-funded training. SCC will provide ongoing product training as new products and services are added.

SUBCONTRACTORS:

Ocean Consulting Group (Temecula, California) for an amount not to exceed \$25,000 for class/lab training in business skills and continuous improvement; and for an amount not to exceed \$5,000 for Program Administration.

THIRD PARTY SERVICES:

The Contractor's representative states that Mike Khalid of Ocean Consulting Group assisted in the design of the training program and completion of the application. These services were provided free of charge with the understanding that Ocean Consulting would subcontract with SCC for class/lab training delivery and project administration.

SUNRISE COFFEE COMPANY

MENU CURRICULUM

Hours
Class/Lab
80-160

Trainees will receive one or more of the following:

A. CONTINUOUS IMPROVEMENT

- ✓ Teambuilding and Teamwork
- ✓ Problem Solving and Decision-Making
- ✓ Conflict Resolution
- ✓ Quality Improvement Techniques
- ✓ Leadership Skills in a High Performance Workplace
- ✓ Time Management/Organization Skills

B. BUSINESS SKILLS

- ✓ Interpersonal/Telephone/Written Communication Skills
- ✓ Advanced Sales & Marketing Skills
- ✓ Advanced Customer Service Skills
- ✓ Advanced Product Knowledge
- ✓ Business Operations Skills:
 - Territory Management
 - Contracting
 - Planning
 - Logistics

C. COMPUTER SKILLS

- ✓ Sunrise Coffee Database, Management & Tracking Information System
- ✓ Microsoft Office (Word, Excel, Power Point)
- ✓ Access
- ✓ Sales Tacking System (Goldmine, Contact Tracking Software or equivalent)